
Smith Economics Group, Ltd.

A Division of Corporate Financial Group

Economics / Finance / Litigation Support

Stan V. Smith, Ph.D.
President

August 5, 2010

Mr. Krishnan Chittur
Chittur & Associates
286 Madison Ave., Suite 1100
New York, NY 10017

Re: Redner - DISCOUNTED

Dear Mr. Chittur:

You have asked me to calculate the value of certain losses subsequent to the injury of Gordon Redner. These losses are: (1) the loss of time spent and payments made to Northern Leasing; (2) the loss of credit expectancy; and (3) the reduction in value of life ("RVL"), also known as loss of enjoyment of life.

Gordon Redner is a Caucasian, married male, who was born on [REDACTED] and injured on February 1, 2004 at the age of 46.3 years. Mr. Redner will be 52.9 years old at the estimated trial or settlement date of October 1, 2010, with a remaining life expectancy estimated at 26.6 years. This data is from the National Center for Health Statistics, United States Life Tables, 2006, Vol. 58, No. 21, National Vital Statistics Reports, 2010.

In order to perform this evaluation, I have reviewed the following materials: (1) the Amended Complaint; (2) Mr. Redner's credit report dated January 29, 2004; (3) numerous court documents and communications between Mr. Redner and Northern Leasing; (4) the interview with Gordon Redner on August 4, 2010; and (5) the case information form.

My methodology for estimating the losses, which is explained below, is generally based on past wage growth, interest rates, and consumer prices, as well as studies regarding the value of life. The effective net discount rate using statistically average wage growth rates and statistically average discount rates is 0.40 percent.

My estimate of the nominal wage growth rate is 4.05 percent per year. This growth rate is based on Business Sector, Hourly Compensation growth data from the Major Sector Productivity and Costs Index found at the U.S. Bureau of Labor Statistics website at www.bls.gov/data/home.htm, Series ID: PRS84006103, for the real increase in wages primarily for the last 20 years.

My estimate of the nominal discount rate is 4.45 percent per year. This discount rate is based on the rate of return on 91-

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day U.S. Treasury Bills published in the Economic Report of the President for the real return on T-Bills primarily for the last 20 years. This rate is also consistent with historical rates published by Ibbotson Associates, Chicago, in its continuously updated series Stocks, Bonds, Bills and Inflation published by Morningstar, Inc. This series, which acknowledges me as the Originator while a Principal and Managing Director at Ibbotson Associates, is generally regarded by academics in the field of finance as the most widely accepted source of statistics on the rates of return on investment securities. It is relied upon almost exclusively by academic and business economists, insurance companies, banks, institutional investors, CPA's, actuaries, benefit analysts, and economists in courts of law.

My estimate of the inflation rate is 3.00 percent per year based on the Consumer Price Index (CPI-U) published in monthly issues of the U.S. Bureau of Labor Statistics, CPI Detailed Report (Washington, D.C.: U.S. Government Printing Office) and available at the U.S. Bureau of Labor Statistics website at www.bls.gov/data/home.htm, Series ID: CUUR0000SA0, for the increase in prices primarily for the last 20 years.

I. LOSS OF TIME SPENT AND PAYMENTS MADE TO NORTHERN LEASING

In 2004, Gordon Redner ran a home-based company, Gifts R Us, where he made and sold what he describes as little knick-knacks and figurines. He entered into an agreement, at the end of January 2004, with a company to provide him with credit card processing equipment. Mr. Redner states he was never provided with working equipment, and he began to notice a lot of debits by Northern Leasing from his bank account. Mr. Redner states he had never heard of Northern Leasing, and had never entered into any agreements with them. He contacted them and was provided with copies of a lease with his signature, which Mr. Redner believes was forged. In order to stop money from being debited from his bank account Mr. Redner closed the account, at which point he began to receive threatening letters and phone calls from Northern Leasing. He did this in April 2004, by which point Northern Leasing had taken \$230.24 from his account.

Northern Leasing threatened to sue Mr. Redner for breach of contract, and so he states he began the arduous process of communicating with them, obtaining documents and records, and consulting legal counsel all - in an attempt to clear his name. Mr. Redner estimates that his ordeal with Northern Leasing lasted until early 2005 when the company decided to stop pursuing claims against him. Over that period of time he estimates he spent approximately 50 hours of time dealing with the situation.

The loss of time spent is illustrated at 50 hours of time spent in 2004, and is valued at \$14.82 in year 2009 dollars based on

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the average hourly wages of Office Clerks and Payroll and Timekeeping Clerks in Texas. This data is from the Texas Workforce Commission, wage data as of 2009, found at www.tracer2.com. Wages in 2004 through 2008 are reduced by national average wage growth of 0.92 percent in 2009, 3.05 percent in 2008, 3.72 percent in 2007, 4.40 percent in 2006, and 3.42 percent in 2005. In addition Mr. Redner's disputed bank account debits totaling \$230 are added to the loss.

Based on these assumptions, the loss of time spent and payments made to Northern Leasing is \$867.

II LOSS OF CREDIT EXPECTANCY

Tables 1D through 3D show the loss of credit expectancy. Mr. Redner had the ability to borrow considerable sums beyond his current lines of credit. I estimate this additional capacity to be at least a benchmark of \$10,000, and likely more. This standby expectancy has a value similar to the value of a safety net for a trapeze artist, or the value of a term life policy for a person who continues to live a healthy life - the value does not depend upon the actual use. The loss of expectancy is estimated by the costs of using this credit under normal circumstances, approximately 12 percent per year, and the costs of using this credit, if available, at the highest rates charged to those who are viewed as high credit risks, approximately 25 percent. This difference is 13 percent per year and is an estimate of the value of the expectancy loss. I illustrate the loss for 7 years - beginning in 2005, the approximate date that Northern Leasing existed as a charge-off on Mr. Redner's credit report and lasting through 2012.

Based on these assumptions, the loss of credit expectancy is \$9,732 ► Table 3D.

III. REDUCTION IN VALUE OF LIFE

Economists have long agreed that life is valued at more than the lost earnings capacity. My estimate of the value of life is based on many economic studies on what we, as a contemporary society, actually pay to preserve the ability to lead a normal life. The studies examine incremental pay for risky occupations as well as a multitude of data regarding expenditure for life savings by individuals, industry, and state and federal agencies.

My estimate of the value of life is consistent with estimates published in other studies that examine and review the broad spectrum of economic literature on the value of life. Among these is "The Plausible Range for the Value of Life," Journal of Forensic Economics, Vol. 3, No. 3, Fall 1990, pp. 17-39, by T. R.

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Miller. This study reviews 67 different estimates of the value of life published by economists in peer-reviewed academic journals. The Miller results, in most instances, show the value of life to range from approximately \$1.6 million to \$2.9 million dollars in year 1988 after-tax dollars, with a mean of approximately \$2.2 million dollars. In "The Value of Life: Estimates with Risks by Occupation and Industry," Economic Inquiry, Vol. 42, No. 1, May 2003, pp. 29-48, Professor W. K. Viscusi estimates the value of life to be approximately \$4.7 million dollars in year 2000 dollars. An early seminal paper on the value of life was written by Richard Thaler and Sherwin Rosen, "The Value of Saving a Life: Evidence from the Labor Market." in N.E. Terlickyj (ed.), Household Production and Consumption. New York: Columbia University Press, 1975, pp. 265-300. The Meta-Analyses Appendix to this report reviews additional literature suggesting a value of life of approximately \$5.4 million in year 2008 dollars.

Because it is generally accepted by economists, the methodology used to estimate the value of life has been found to meet Daubert standards, as well as Frye standards and the Rules of Evidence in various states, by Federal Circuit and Appellate courts, as well as state trial, supreme and appellate courts nationwide. Testimony based on this peer-reviewed methodology has been admitted in over half the states in over 175 trials nationwide. Proof of general acceptance and other standards is found in a discussion of the extensive references to the scientific economic peer-reviewed literature on the value of life listed in the **Value of Life Appendix** to this report.

The underlying, academic, peer-reviewed studies fall into two general groups: (1) consumer behavior and purchases of safety devices; (2) wage risk premiums to workers; in addition, there is a third group of studies consisting of cost-benefit analyses of regulations. For example, one consumer safety study analyzes the costs of smoke detectors and the lifesaving reduction associated with them. One wage premium study examines the differential rates of pay for dangerous occupations with a risk of death on the job. Just as workers receive shift premiums for undesirable work hours, workers also receive a higher rate of pay to accept a increased risk of death on the job. A study of government regulation examines the lifesaving resulting from the installation of smoke stack scrubbers at high-sulphur, coal-burning power plants. As a hypothetical example of the methodology, assume that a safety device such as a carbon monoxide detector costs \$46 and results in lowering a person's risk of premature death by one chance in 100,000. The cost per life saved is obtained by dividing \$46 by the one in 100,000 probability, yielding \$4,600,000.

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Tables 4D through 9D are based on several factors:

- (1) An assumed impairment rating by the trier-of-fact of between 33.33 percent and 50 percent in 2004 and between 5 percent and 10 percent thereafter through Mr. Redner's life expectancy in the reduction in the ability to lead a normal life. The diminished capacity to lead a normal life reflects the impact on career, social and leisure activities, the activities of daily living, and the internal emotional state, as discussed in Berla, Edward P., Michael L. Brookshire and Stan V. Smith, "Hedonic Damages and Personal Injury: A Conceptual Approach," Journal of Forensic Economics, Vol 3, No. 1, Winter 1990, pp. 1-8;
- (2) The central tendency of the range of the economic studies cited above which I estimate to be approximately \$4.2 million in year 2010 dollars; and
- (3) A life expectancy of 79.5 years.

Tables 4D through 6D are based on the lower estimated impairment rating; Tables 7D through 9D are based on the upper estimated impairment rating. Based on these values and life expectancy, my opinion of the reduction in the value of life is estimated at \$212,878 ▶ Table 6D to \$407,346 ▶ Table 9D, averaging \$310,112.

A trier-of-fact may weigh other factors to determine if these estimated losses for Gordon Redner should be adjusted because of special qualities or circumstances that economists do not as yet have a methodology for analysis.

In each set of tables, the estimated losses are calculated through an assumed trial or settlement date of October 1, 2010, and from that date thereafter. The last table in each set accumulates the past and future estimated losses. These estimates are provided as an aid, tool and guide for the trier-of-fact.

All opinions expressed in this report are clearly labeled as such. They are rendered in accordance with generally accepted standards within the field of economics and are expressed to a reasonable degree of economic certainty. Estimates, assumptions, illustrations and the use of benchmarks, which are not opinions, but which can be viewed as hypothetical in nature, are also clearly disclosed and identified herein.

In my opinion, it is reasonable for experts in the field of economics and finance to rely on the materials and information I reviewed in this case for the formulation of my substantive opinions herein.

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If additional information is provided to me, which could alter my opinions, I may incorporate any such information into an update, revision, addendum, or supplement of the opinions expressed in this report.

If you have any questions, please do not hesitate to call me.

Sincerely,

A handwritten signature in black ink, appearing to read "Stan V. Smith". The signature is written in a cursive, slightly slanted style.

Stan V. Smith, Ph.D.
President

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APPENDIX: VALUE OF LIFE

The economic methodology for the valuation of life has been found to meet the Daubert and Frye standards by many courts, along with the Rules of Evidence in many states nationwide. My testimony has been accepted in approximately 200 state and federal cases nationwide in approximately two-thirds of the states and two-thirds of the federal jurisdictions. Testimony has been accepted by Federal circuit and Appellate courts as well as in state trial, supreme, and appellate Courts. The Daubert standard sets forth four criteria:

1. Testing of the theory and science
2. Peer Review
3. Known or potential rate of error
4. Generally accepted.

Testing of the theory and science has been accomplished over the past four decades, since the 1960s. Dozens of economists of high renown have published over a hundred articles in high quality, peer-reviewed economic journals measuring the value of life. The value of life theories are perhaps among the most well-tested in the field of economics, as evidenced by the enormous body of economic scientific literature that has been published in the field and is discussed below.

Peer Review of the concepts and methodology have been extraordinarily extensive. One excellent review of this extensive, peer-reviewed literature can be found in "The Value of Risks to Life and Health," W. K. Viscusi, Journal of Economic Literature, Vol. 31, December 1993, pp. 1912-1946. A second is "The Value of a Statistical Life: A Critical Review of Market Estimates throughout the World." W. K. Viscusi and J. E. Aldy, Journal of Risk and Uncertainty, Vol. 27, No. 1, November 2002, pp. 5-76. Additional theoretical and empirical work by Viscusi, a leading researcher in the field, can be found in: "The Value of Life", W. K. Viscusi, John M. Olin Center for Law, Economics, and Business, Harvard Law School, Discussion Paper No. 517, June 2005. An additional peer-reviewed article discusses the application to forensic economics: "The Plausible Range for the Value of Life," T. R. Miller, Journal of Forensic Economics, Vol. 3, No. 3, Fall 1990, pp. 17-39, which discusses the many dozens of articles published in other peer-reviewed economic journals on this topic. This concept is discussed in detail in "Willingness to Pay Comes of Age: Will the System Survive?" T. R. Miller, Northwestern University Law Review, Summer 1989, pp. 876-907, and "Hedonic Damages in Personal Injury and Wrongful Death

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Litigation," by S. V. Smith in Litigation Economics, pp. 39-59. Kenneth Arrow, a Nobel Laureate in economics, discusses this method for valuing life in "Invaluable Goods," Journal of Economic Literature, Vol. 35, No. 2, 1997, pp. 759. See the Meta-Analyses Appendix for an additional review of the literature.

The known or potential rate of error is well researched. All of these articles discuss the known or potential rate of error, well within the acceptable standard in the field of economics, generally using a 95% confidence rate for the statistical testing and acceptance of results. There are few areas in the field of economics where the known or potential rate of error has been as well-accepted and subject to more extensive investigation.

General Acceptance of the concepts and methodology on the value of life in the field of economics is extensive. This methodology is and has been generally accepted in the field of economics for many years. Indeed, according to the prestigious and highly-regarded research institute, The Rand Corporation, by 1988, the peer-reviewed scientific methods for estimating the value of life were well-accepted: "Most economists would agree that the willingness-to-pay methodology is the most conceptually appropriate criterion for establishing the value of life," Computing Economic loss in Cases of Wrongful Death, King and Smith, Rand Institute for Civil Justice, R-3549-ICJ, 1988.

While first discussed in cutting edge, peer-reviewed economic journals, additional proof of general acceptance is now indicated by the fact that this methodology is now taught in standard economics courses at the undergraduate and graduate level throughout hundreds of colleges and universities nationwide as well as the fact that it is taught and discussed in widely-accepted textbooks in the field of law and economics: Economics, Sixth Edition, David C. Colander, McGraw-Hill Irwin, Boston, 2006, pp. 463-465; this introductory economics textbook is the third most widely used textbook in college courses nationwide. Hamermesh and Rees's The Economics of Work and Pay, Harper-Collins, 1993, Chapter 13, a standard advanced textbook in labor economics, also discusses the methodology for valuing life. Other textbooks discuss this topic as well. Richard Posner, a Justice and former Chief Justice of the U.S. Court of Appeals for the highly regarded 7th Circuit and Senior Lecturer at the University of Chicago Law School, one of most prolific legal writers in America, details the Value of Life approach in his widely used textbooks: Economic Analysis of Law, 1986, Little Brown & Co., pp. 182-185 and Tort Law, 1982, Little Brown & Co., pp. 120-126.

As further evidence of general acceptance in the field, some surveys published in the field of forensic economics show that hundreds of economics nationwide are now familiar with this

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methodology and are available to prepare (and critique) forensic economic value of life estimates. Indeed, some economists who indicate they will prepare such analysis for plaintiffs also are willing to critique such analysis for defendants, as I have often done. That an economist is willing to critique a report does not indicate that he or she is opposed to the concept or the methodology, but merely available to assure that the plaintiff economist has employed proper techniques. The fact that there are economists who indicate they do not prepare estimates of value of life is again no indication that they oppose the methodology: many claim they are not familiar with the literature and untrained in this area. While some CPAs and others without a degree in economics have opposed these methods, such professionals do not have the requisite academic training and are unqualified to make such judgements. However, as in any field of economics, this area is not without any dissent. General acceptance does not mean universal acceptance.

Additional evidence of general acceptance in the field is found in the teaching of the concepts regarding the value of life. Forensic Economics is now taught as a special field in a number of institutions nationwide. I taught what is believed to be the first course ever presented in the field of Forensic Economics at DePaul University in Spring, 1990. My own book, Economic/Hedonic Damages, Anderson, 1990, and supplemental updates thereto, co-authored with Dr. Michael Brookshire, a Professor of Economics in West Virginia, has been used as a textbook in at least 5 colleges and universities nationwide in such courses in economics, and has a thorough discussion of the methodology. Toppino et. al., in "Forensic Economics in the Classroom," published in The Earnings Analyst, Journal of the American Rehabilitation Economics Association, Vol. 4, 2001, pp. 53-86, indicate that hedonic damages is one of 15 major topic areas taught in such courses.

Lastly, general acceptance is found by examining publications in the primary journal in the field of Forensic Economics, which is the peer-reviewed Journal of Forensic Economics, where there have been published many articles on the value of life. Some are cited above. Others include: "The Econometric Basis for Estimates of the Value of Life," W. K. Viscusi, Vol 3, No. 3, Fall 1990, pp. 61-70; "Hedonic Damages in the Courtroom Setting," S. V. Smith, Vol. 3, No. 3, Fall 1990, pp. 41-49; "Issues Affecting the Calculated Value of Life," E. P. Berla, M. L. Brookshire and S. V. Smith, Vol 3, No. 1, 1990, pp. 1-8; "Hedonic Damages and Personal Injury: A Conceptual Approach," G. R. Albrecht, Vol. 5., No. 2, Spring/Summer 1992, pp. 97-104; "The Application of the Hedonic Damages Concept to Wrongful and Personal Injury Litigation," G. R. Albrecht, Vol. 7, No. 2, Spring/Summer 1994, pp. 143-150; and also "A Review of the Monte Carlo Evidence Concerning Hedonic Value of Life Estimates," R. F. Gilbert, Vol. 8, No. 2, Spring/Summer 1995, pp. 125-130.

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It is important to note that this methodology is endorsed and employed by the U. S. Government as the standard and recommended approach for use by all U. S. Agencies in valuing life for policy purposes, as mandated in current and past Presidential Executive Orders in effect since 1972, and as discussed in "Report to Congress on the Costs and Benefits of Federal Regulations," Office of Management and Budget, 1998, and "Economic Analysis of Federal Regulations Under Executive Order 12866," Executive Office of the President, Office of Management and Budget, pp. 1-37, and "Report to the President on Executive Order No. 12866," Regulatory Planning and Review, May 1, 1994, Office of Information and Regulatory Affairs, Office of Management and Budget. Prior presidents signed similar orders as discussed in "Federal Agency Valuations of Human life," Administrative Conference of the United States, Report for Recommendation 88-7, December 1988, pp. 368-408. 926

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APPENDIX: META-ANALYSES AND VALUE OF LIFE RESULTS SINCE 2000

Below I list the principal systematic reviews (meta-analyses), since the year 2000, of the value of life literature, and the values of a statistical life that they recommend. In statistics, a meta-analysis combines the results of several studies that address a set of related research hypotheses. Meta-analysis increase the statistical power of studies by analyzing a group of studies and provide a more powerful and accurate data analysis than would result from analyzing each study alone. Based on those reviews, the Summary Table suggests a best estimate. The following table summarizes the studies and their findings.

These statistically based studies place the value between \$4.4 and \$7.5 million, with \$5.9 million representing a conservative yet credible estimate of the average (and range midpoint) of the values of a statistical life published in the studies in year 2005 dollars. Net of human capital, a credible net value of life based on all these literature reviews to be \$4.8 million in year 2005 dollars, or \$5.4 million in year 2008 dollars.

The actual value that I use, \$4.1 million is approximately 24 percent lower than a conservative average estimate based on the credible meta-analyses. This value was originally based on a review conducted in the late 1980s, averaging the results published by that time. I have increased that late 1980s value only by inflation over time, despite the fact a review of literature over the years since that time has put obvious upward pressure on the figure that I use.

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Summary Table: Mean and range of value of statistical life estimates (in 2005 dollars) from the best meta-analyses and systematic reviews and characteristics of those reviews.

Study	Formal Meta-Analysis?	Number of Values	Best Estimate (2005 Dollars)	Range	Context
Miller 2000	Yes	68 estimates	\$5.1M	\$4.5-\$6.2M	US estimate from all
Mrozek & Taylor 2002	Yes	203 estimates, from 33 studies	\$4.4M	+ or - 35%	Labor market
Viscusi & Aldy 2003	Yes	49 estimates (reviewed more than 60 studies, but some lacked desired variables)	\$6.5M	\$5.1-\$9.6M	Labor market, US estimate from all
Kochi et al. 2006	Yes	234 estimates from 40 studies	\$6.0M	+ or - 44%	Labor market, survey
Bellavance 2006	Yes	37 estimates from 34 studies (rejected 15 others that lacked desired data or were flawed)	\$7.0M	+ or - 19%	Labor market

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Miller (2000) started from the Miller 1989 JFE estimates and used statistical methods to adjust for differences between studies. It also added newer studies, primarily ones outside the United States. The authors specified the most appropriate study approach a priori, which allowed calculation of a best estimate from the statistical regression.

Mrozek and Taylor (2002) searched intensively for studies of the value of life implied by wages paid for risky jobs. They coded all values from each study rather than a most appropriate estimate. A statistical analysis identified what factors accounted for the differences in values between studies. The authors specified the most appropriate study approach a priori, which allowed calculation of a best estimate from the statistical regression.

Viscusi and Aldy (2003) focused on values from labor market studies that they considered of high quality and that provided data on risk levels and other important explanatory variables. They used statistical methods to account for variations between studies and derive a best estimate.

Kochi et al. (2006) searched intensively for studies of the value of life implied by wages and coded all values from each study rather than a most appropriate estimate. They did not filter study quality carefully. The best estimate was derived by statistical methods based on the distribution of the values within and across studies.

Bellavance et al. (2006) focused on values from labor market studies that they considered of high quality and that provided data on risk levels and other important explanatory variables. They used statistical methods to account for variations between studies and derive a best estimate. 926

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SUMMARY OF LOSSES FOR GORDON REDNER

TABLE	DESCRIPTION	ESTIMATE
*****	*****	*****
	<u>EARNINGS</u>	
	LOSS OF PAYMENTS AND TIME SPENT	\$ 867
3D	LOSS OF CREDIT EXPECTANCY	\$ 9,732

	<u>LOSS OF ENJOYMENT OF LIFE</u>	
	REDUCTION IN VALUE OF LIFE	
6D	Lower impairment rating	\$ 212,878
9D	Upper impairment rating	\$ 407,346

The information on this Summary of Losses is intended to summarize losses under certain given assumptions. Please refer to the report and the tables for all the opinions.

LOSS OF PAST CREDIT EXPECTANCY
2005 - 2010

YEAR	AGE	WAGES	CUMULATE
****	***	*****	*****
2005	48	\$1,300	\$1,300
2006	49	1,333	2,633
2007	50	1,387	4,020
2008	51	1,389	5,409
2009	52	1,426	6,835
2010	53	1,099	\$7,934
REDNER		\$7,934	

PRESENT VALUE OF FUTURE CREDIT EXPECTANCY
2010 - 2011

YEAR	AGE	WAGES	DISCOUNT FACTOR	PRESENT VALUE	CUMULATE
****	***	*****	*****	*****	*****
2010	53	\$370	0.98891	\$366	\$366
2011	54	1,513	0.94678	1,432	\$1,798
GORDON REDNER				\$1,798	

PRESENT VALUE OF NET LOSS OF CREDIT EXPECTANCY
2005 - 2011

YEAR	AGE	WAGES	CUMULATE
****	***	*****	*****
2005	48	\$1,300	\$1,300
2006	49	1,333	2,633
2007	50	1,387	4,020
2008	51	1,389	5,409
2009	52	1,426	6,835
2010	53	1,465	8,300
2011	54	1,432	\$9,732
REDNER		\$9,732	

LOSS OF PAST RVL TO GORDON - LOWER
2004 - 2010

YEAR	AGE	RVL	CUMULATE
****	***	*****	*****
2004	47	\$36,819	\$36,819
2005	48	5,712	42,531
2006	49	5,857	48,388
2007	50	6,096	54,484
2008	51	6,101	60,585
2009	52	6,267	66,852
2010	53	4,828	\$71,680
REDNER		\$71,680	

PRESENT VALUE OF FUTURE RVL TO GORDON - LOWER
2010 - 2037

YEAR	AGE	RVL	DISCOUNT FACTOR	PRESENT VALUE	CUMULATE
****	***	*****	*****	*****	*****
2010	53	\$1,627	0.98891	\$1,609	\$1,609
2011	54	6,649	0.94678	6,295	7,904
2012	55	6,848	0.90644	6,207	14,111
2013	56	7,053	0.86782	6,121	20,232
2014	57	7,265	0.83085	6,036	26,268
2015	58	7,483	0.79545	5,952	32,220
2016	59	7,707	0.76156	5,869	38,089
2017	60	7,938	0.72912	5,788	43,877
2018	61	8,176	0.69805	5,707	49,584
2019	62	8,421	0.66831	5,628	55,212
2020	63	8,674	0.63984	5,550	60,762
2021	64	8,934	0.61258	5,473	66,235
2022	65	9,202	0.58648	5,397	71,632
2023	66	9,478	0.56150	5,322	76,954
2024	67	9,762	0.53757	5,248	82,202
2025	68	10,055	0.51467	5,175	87,377
2026	69	10,357	0.49274	5,103	92,480
2027	70	10,668	0.47175	5,033	97,513
2028	71	10,988	0.45165	4,963	102,476
2029	72	11,318	0.43241	4,894	107,370
2030	73	11,658	0.41399	4,826	112,196
2031	74	12,008	0.39635	4,759	116,955
2032	75	12,368	0.37946	4,693	121,648
2033	76	12,739	0.36330	4,628	126,276
2034	77	13,121	0.34782	4,564	130,840
2035	78	13,515	0.33300	4,500	135,340
2036	79	13,920	0.31881	4,438	139,778
2037	80	4,517	0.31441	1,420	\$141,198
GORDON REDNER				\$141,198	

PRESENT VALUE OF NET RVL TO GORDON - LOWER
2004 - 2037

YEAR	AGE	RVL	CUMULATE
****	***	*****	*****
2004	47	\$36,819	\$36,819
2005	48	5,712	42,531
2006	49	5,857	48,388
2007	50	6,096	54,484
2008	51	6,101	60,585
2009	52	6,267	66,852
2010	53	6,437	73,289
2011	54	6,295	79,584
2012	55	6,207	85,791
2013	56	6,121	91,912
2014	57	6,036	97,948
2015	58	5,952	103,900
2016	59	5,869	109,769
2017	60	5,788	115,557
2018	61	5,707	121,264
2019	62	5,628	126,892
2020	63	5,550	132,442
2021	64	5,473	137,915
2022	65	5,397	143,312
2023	66	5,322	148,634
2024	67	5,248	153,882
2025	68	5,175	159,057
2026	69	5,103	164,160
2027	70	5,033	169,193
2028	71	4,963	174,156
2029	72	4,894	179,050
2030	73	4,826	183,876
2031	74	4,759	188,635
2032	75	4,693	193,328
2033	76	4,628	197,956
2034	77	4,564	202,520
2035	78	4,500	207,020
2036	79	4,438	211,458
2037	80	1,420	\$212,878
REDNER		\$212,878	

LOSS OF PAST RVL TO GORDON - UPPER
2004 - 2010

YEAR	AGE	RVL	CUMULATE
****	***	*****	*****
2004	47	\$55,228	\$55,228
2005	48	11,423	66,651
2006	49	11,714	78,365
2007	50	12,192	90,557
2008	51	12,202	102,759
2009	52	12,534	115,293
2010	53	9,656	\$124,949
REDNER		\$124,949	

PRESENT VALUE OF FUTURE RVL TO GORDON - UPPER
2010 - 2037

YEAR	AGE	RVL	DISCOUNT FACTOR	PRESENT VALUE	CUMULATE
****	***	*****	*****	*****	*****
2010	53	\$3,254	0.98891	\$3,218	\$3,218
2011	54	13,297	0.94678	12,589	15,807
2012	55	13,696	0.90644	12,415	28,222
2013	56	14,107	0.86782	12,242	40,464
2014	57	14,530	0.83085	12,072	52,536
2015	58	14,966	0.79545	11,905	64,441
2016	59	15,415	0.76156	11,739	76,180
2017	60	15,877	0.72912	11,576	87,756
2018	61	16,353	0.69805	11,415	99,171
2019	62	16,844	0.66831	11,257	110,428
2020	63	17,349	0.63984	11,101	121,529
2021	64	17,869	0.61258	10,946	132,475
2022	65	18,405	0.58648	10,794	143,269
2023	66	18,957	0.56150	10,644	153,913
2024	67	19,526	0.53757	10,497	164,410
2025	68	20,112	0.51467	10,351	174,761
2026	69	20,715	0.49274	10,207	184,968
2027	70	21,336	0.47175	10,065	195,033
2028	71	21,976	0.45165	9,925	204,958
2029	72	22,635	0.43241	9,788	214,746
2030	73	23,314	0.41399	9,652	224,398
2031	74	24,013	0.39635	9,518	233,916
2032	75	24,733	0.37946	9,385	243,301
2033	76	25,475	0.36330	9,255	252,556
2034	77	26,239	0.34782	9,126	261,682
2035	78	27,026	0.33300	9,000	270,682
2036	79	27,837	0.31881	8,875	279,557
2037	80	9,034	0.31441	2,840	\$282,397

GORDON REDNER

\$282,397

PRESENT VALUE OF NET RVL TO GORDON - UPPER
2004 - 2037

YEAR	AGE	RVL	CUMULATE
****	***	*****	*****
2004	47	\$55,228	\$55,228
2005	48	11,423	66,651
2006	49	11,714	78,365
2007	50	12,192	90,557
2008	51	12,202	102,759
2009	52	12,534	115,293
2010	53	12,874	128,167
2011	54	12,589	140,756
2012	55	12,415	153,171
2013	56	12,242	165,413
2014	57	12,072	177,485
2015	58	11,905	189,390
2016	59	11,739	201,129
2017	60	11,576	212,705
2018	61	11,415	224,120
2019	62	11,257	235,377
2020	63	11,101	246,478
2021	64	10,946	257,424
2022	65	10,794	268,218
2023	66	10,644	278,862
2024	67	10,497	289,359
2025	68	10,351	299,710
2026	69	10,207	309,917
2027	70	10,065	319,982
2028	71	9,925	329,907
2029	72	9,788	339,695
2030	73	9,652	349,347
2031	74	9,518	358,865
2032	75	9,385	368,250
2033	76	9,255	377,505
2034	77	9,126	386,631
2035	78	9,000	395,631
2036	79	8,875	404,506
2037	80	2,840	\$407,346
REDNER		\$407,346	

August 5, 2010

WORK NOTES - DISCOUNTED (SRU/BAE)

BASIC FACTS: CREDIT DAMAGE CASE OF 46 YR-OLD MALE WHOSE SIGNATURE WAS FORGED TO ENTER INTO FRAUDULENT CONTRACTS, RESULTING IN CREDIT DAMAGE, LOSS OF TIME AND PAYMENTS, ETC.

CONTROL INFO

NAME: GORDON REDNER

GENDER: MALE

RACE: CAUCASIAN

DOB: [REDACTED]

DOI: FEBRUARY 1, 2004

DOL: SAME

DOT: OCTOBER 1, 2010

AGE AT DOI: 46.3

AGE AS OF DOT: 52.9

RLE AS OF DOT: 26.6

LE AS OF DOT: 79.5

GROWTH RATE: 4.05% NOMINAL

DISCOUNT RATE: 4.45% NOMINAL

FAMILY BACKGROUND

MARITAL STATUS: MARRIED

FAMILY MEMBERS: [REDACTED] REDNER-WIFE;

LOSS OF TIME SPENT AND PAYMENTS MADE TO NORTHERN LEASING
IN 2004, GORDON REDNER RAN A HOME-BASED COMPANY, GIFTS R US, WHERE HE MADE AND SOLD WHAT HE DESCRIBES AS LITTLE KNICK-KNACKS AND FIGURINES. HE ENTERED INTO AN AGREEMENT, AT THE END OF JANUARY 2004, WITH A COMPANY TO PROVIDE HIM WITH CREDIT CARD PROCESSING EQUIPMENT. MR. REDNER STATES HE WAS NEVER PROVIDED WITH WORKING EQUIPMENT, AND HE BEGAN TO NOTICE A LOT OF DEBITS BY NORTHERN LEASING FROM HIS BANK ACCOUNT. MR. REDNER STATES HE HAD NEVER HEARD OF NORTHERN LEASING, AND HAD NEVER ENTERED INTO ANY AGREEMENTS WITH THEM. HE CONTACTED THEM AND WAS PROVIDED WITH COPIES OF A LEASE WITH HIS SIGNATURE, WHICH MR. REDNER BELIEVES WAS FORGED. IN ORDER TO STOP MONEY FROM BEING DEBITED FROM HIS BANK ACCOUNT MR. REDNER CLOSED THE ACCOUNT, AT WHICH POINT HE BEGAN TO RECEIVE THREATENING LETTERS AND PHONE CALLS FROM NORTHERN LEASING. HE DID THIS IN APRIL 2004, BY WHICH POINT NORTHERN LEASING HAD TAKEN \$230.24 FROM HIS ACCOUNT.

NORTHERN LEASING THREATENED TO SUE MR. REDNER FOR BREACH OF CONTRACT, AND SO HE STATES HE BEGAN THE ARDUOUS PROCESS OF COMMUNICATING WITH THEM, OBTAINING DOCUMENTS AND RECORDS, AND CONSULTING LEGAL COUNSEL ALL - IN AN ATTEMPT TO CLEAR HIS NAME. MR. REDNER ESTIMATES THAT HIS ORDEAL WITH NORTHERN LEASING LASTED

UNTIL EARLY 2005 WHEN THE COMPANY DECIDED TO STOP PURSUING CLAIMS AGAINST HIM. OVER THAT PERIOD OF TIME HE ESTIMATES HE SPENT APPROXIMATELY 50 HOURS OF TIME DEALING WITH THE SITUATION.

THE LOSS OF TIME SPENT IS ILLUSTRATED AT 50 HOURS OF TIME SPENT IN 2004, AND IS VALUED AT \$14.82 IN YEAR 2009 DOLLARS BASED ON THE AVERAGE HOURLY WAGES OF OFFICE CLERKS AND PAYROLL AND TIMEKEEPING CLERKS IN TEXAS. THIS DATA IS FROM THE TEXAS WORKFORCE COMMISSION, WAGE DATA AS OF 2009, FOUND AT WWW.TRACER2.COM. WAGES IN 2004 THROUGH 2008 ARE REDUCED BY NATIONAL AVERAGE WAGE GROWTH OF 0.92 PERCENT IN 2009, 3.05 PERCENT IN 2008, 3.72 PERCENT IN 2007, 4.40 PERCENT IN 2006, AND 3.42 PERCENT IN 2005. IN ADDITION MR. REDNER'S DISPUTED BANK ACCOUNT DEBITS TOTALING \$230 ARE ADDED TO THE LOSS.

2004 = [12.94 (09 AVERAGE OFFICE CLERK) + 16.69 (09 MEDIAN PAYROLL CLERK)] / 2 = 14.82 / 0.92% (09 GRW) / 3.05% (08 GRW) / 3.72% (07 GRW) / 4.40% (06 GRW) / 3.42% (05 GRW) = 12.73 * 50HRS = 637 + 230 (PAYMENTS) = 867

LOSS OF CREDIT EXPECTANCY

IN ADDITION TO WRITING THREATENING LETTERS AND MAKING HARASSING PHONE CALLS, NORTHERN LEASING MADE DEROGATORY REMARKS ON MR. REDNER'S CREDIT REPORT. HE ADMITS TO HAVING CREDIT PROBLEMS IN THE PAST, AND TO NOT REALLY USING CREDIT CARDS MUCH. MR. REDNER DOES RECALL NEEDING A COSIGNER TO OBTAIN A CAR LOAN IN THE RECENT PAST.

MR. REDNER HAD THE ABILITY TO BORROW CONSIDERABLE SUMS BEYOND HIS CURRENT LINES OF CREDIT. I ESTIMATE THIS ADDITIONAL CAPACITY TO BE AT LEAST A BENCHMARK OF \$10,000, AND LIKELY MORE. THIS STANDBY EXPECTANCY HAS A VALUE SIMILAR TO THE VALUE OF A SAFETY NET FOR A TRAPEZE ARTIST, OR THE VALUE OF A TERM LIFE POLICY FOR A PERSON WHO CONTINUES TO LIVE A HEALTHY LIFE - THE VALUE DOES NOT DEPEND UPON THE ACTUAL USE. THE LOSS OF EXPECTANCY IS ESTIMATED BY THE COSTS OF USING THIS CREDIT UNDER NORMAL CIRCUMSTANCES, APPROXIMATELY 12 PERCENT PER YEAR, AND THE COSTS OF USING THIS CREDIT, IF AVAILABLE, AT THE HIGHEST RATES CHARGED TO THOSE WHO ARE VIEWED AS HIGH CREDIT RISKS, APPROXIMATELY 25 PERCENT. THIS DIFFERENCE IS 13 PERCENT PER YEAR AND IS AN ESTIMATE OF THE VALUE OF THE EXPECTANCY LOSS. I ILLUSTRATE THE LOSS FOR 7 YEARS - BEGINNING IN 2005, THE APPROXIMATE DATE THAT NORTHERN LEASING EXISTED AS A CHARGE-OFF ON MR. REDNER'S CREDIT REPORT AND LASTING THROUGH 2011.

LOSS OF CREDIT EXPECTANCY

2005 = 10000 * 13% = 1300
 2006 = 1300 * 2.54% (06 INFL) = 1333
 2007 = 1333 * 4.08% (07 INFL) = 1387
 2008 = 1387 * 0.09% (08 INFL) = 1389
 2009 = 1389 * 2.72% (09 INFL) = 1426
 2010 = 1426 * 3.00E% (EST. 10 INFL) = 1469
 2011 = 1469 * 3.00E% (EST 11 INFL) = 1513

REDUCTION IN VALUE OF LIFE ("RVL")

I ILLUSTRATE THE RANGE TO BE BETWEEN 33.33 PERCENT AND 50 PERCENT
 IN 2004 AND BETWEEN 5 PERCENT AND 10 PERCENT THEREAFTER THROUGH
 MR. REDNER'S LIFE EXPECTANCY. SEE INTERVIEW NOTES FOR DETAILS.
 LOSS CONFIRMED IN INTERVIEW.

LOWER

2004 = 114234 / 3.42% INFLATION = 110456 * 33.33% = 36819
 2005 = 117135 / 2.54% INFLATION = 114234 * 5% = 5712
 2006 = 121915 / 4.08% INFLATION = 117135 * 5% = 5857
 2007 = 122024 / 0.09% INFLATION = 121915 * 5% = 6096
 2008 = 125343 / 2.72% INFLATION = 122024 * 5% = 6101
 2009 = 129104 (2010 EST BASE) / 3.00% EST. 09 INFL = 125343 *
 5% = 6267
 2010 = 129104 (BASE) * 5% = 6455 THRU LE AT 3.00%

UPPER

2004 = 114234 / 3.42% INFLATION = 110456 * 50% = 55228
 2005 = 117135 / 2.54% INFLATION = 114234 * 10% = 11423
 2006 = 121915 / 4.08% INFLATION = 117135 * 10% = 11714
 2007 = 122024 / 0.09% INFLATION = 121915 * 10% = 12192
 2008 = 125343 / 2.72% INFLATION = 122024 * 10% = 12202
 2009 = 129104 (2010 EST BASE) / 3.00% EST. 09 INFL = 125343 *
 10% = 12534
 2010 = 129104 (BASE) * 10% = 12910 THRU LE AT 3.00%

BAE TCW/GORDON REDNER (PL) ON 08-04-2010 AT C [REDACTED]

TIME LOSS / PAYMENT LOSS / CREDIT

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MR. REDNER'S HOME BUSINESS HAD NOT BEEN SUCCESSFUL, BREAKING EVEN OVER THE APPROXIMATE TWO YEARS HE RAN IT, AND SO HE CLOSED IT DOWN IN 2005. HE HAS SINCE BEEN WORKING AS A SECURITY GUARD, EARNING APPROXIMATELY \$23,000 PER YEAR.

RVL

DURING HIS BATTLE WITH NORTHERN LEASING, MR. REDNER EXPERIENCED A GREAT DEAL OF STRESS AND LOSS OF SLEEP. HE HAD NEVER DEALT WITH A COMPANY THREATENING TO SUE HIM, AND THOUGH HE WAS CONFIDENT THAT THEY WERE WRONG, THERE IS NO WAY TO TELL WHAT COULD HAPPEN IN COURT, AND SO THE ENTIRE SITUATION MADE MR. REDNER VERY NERVOUS. THERE WERE MANY NIGHTS WHERE HE STAYED AWAKE IN BED WORRYING ABOUT WHAT WOULD HAPPEN NEXT, AND HE WAS LARGELY A NERVOUS WRECK.

FOR THE YEAR OR SO THAT THIS WENT ON, MR. REDNER BELIEVES HIS QUALITY OF LIFE WAS REDUCED BY APPROXIMATELY ONE THIRD OR MORE, AND SINCE THEN HE HAS BEEN AT ABOUT 95%.

08-05-10
01 CN ** 00 GORDON REDNER
01 /* ** 00 LOSS OF CREDIT EXPECTANCY
01 CC ** 00 01-01-2005 10-01-2010 01-01-2004 10-26-1957 04-25-2037 12-31
01 CC ** 00 WM XXXX 7 XXB O N
01 PJ WA 00 01-01-2005 12-31-2005 1 1300 0 0.00 0.00
01 PJ WA 01 01-01-2006 12-31-2006 1 1333 0 0.00 0.00
01 PJ WA 02 01-01-2007 12-31-2007 1 1387 0 0.00 0.00
01 PJ WA 03 01-01-2008 12-31-2008 1 1389 0 0.00 0.00
01 PJ WA 04 01-01-2009 12-31-2009 1 1426 0 0.00 0.00
01 PJ WA 05 01-01-2010 12-31-2010 1 1469 0 0.00 0.00
01 PJ WA 06 01-01-2011 12-31-2011 1 1513 0 0.00 0.00
01 IN ** 00 1 10-01-2010 04-25-2037 1 4.45
01 FM ** 00 0 59 N N N X X X X X X X X X X
01 TB WA P 01-01-2005 09-30-2010 0 0 1 1
01 TB WA F 10-01-2010 12-31-2011 0 1 2 1
01 TB SM B 01-01-2005 12-31-2011 0 1 3 1

02 CN ** 00 GORDON REDNER
02 /* ** 00 RVL - LOWER
02 CC ** 00 01-01-2004 10-01-2010 01-01-2004 10-26-1957 04-25-2037 12-31
02 CC ** 00 WM XXXX 7 XXB O N
02 PJ X1 00 01-01-2004 12-31-2004 1 36819 0 0.00 0.00
02 PJ X1 01 01-01-2005 12-31-2005 1 5712 0 0.00 0.00
02 PJ X1 02 01-01-2006 12-31-2006 1 5857 0 0.00 0.00
02 PJ X1 03 01-01-2007 12-31-2007 1 6096 0 0.00 0.00
02 PJ X1 04 01-01-2008 12-31-2008 1 6101 0 0.00 0.00
02 PJ X1 05 01-01-2009 12-31-2009 1 6267 0 0.00 0.00
02 PJ X1 06 01-01-2010 04-25-2037 1 6455 1 3.00 0.00
02 IN ** 00 1 10-01-2010 04-25-2037 1 4.45
02 FM ** 00 0 59 N N N X X X X X X X X X X
02 TB X1 P 01-01-2004 09-30-2010 0 0 4 1
02 TB X1 F 10-01-2010 04-25-2037 0 1 5 1
02 TB SM B 01-01-2004 04-25-2037 0 1 6 1

03 CN ** 00 GORDON REDNER
03 /* ** 00 RVL - UPPER
03 CC ** 00 01-01-2004 10-01-2010 01-01-2004 10-26-1957 04-25-2037 12-31
03 CC ** 00 WM XXXX 7 XXB O N
03 PJ X1 00 01-01-2004 12-31-2004 1 55228 0 0.00 0.00
03 PJ X1 01 01-01-2005 12-31-2005 1 11423 0 0.00 0.00
03 PJ X1 02 01-01-2006 12-31-2006 1 11714 0 0.00 0.00
03 PJ X1 03 01-01-2007 12-31-2007 1 12192 0 0.00 0.00
03 PJ X1 04 01-01-2008 12-31-2008 1 12202 0 0.00 0.00
03 PJ X1 05 01-01-2009 12-31-2009 1 12534 0 0.00 0.00
03 PJ X1 06 01-01-2010 04-25-2037 1 12910 1 3.00 0.00
03 IN ** 00 1 10-01-2010 04-25-2037 1 4.45
03 FM ** 00 0 59 N N N X X X X X X X X X X
03 TB X1 P 01-01-2004 09-30-2010 0 0 7 1
03 TB X1 F 10-01-2010 04-25-2037 0 1 8 1
03 TB SM B 01-01-2004 04-25-2037 0 1 9 1